

AMENDED IN ASSEMBLY MAY 12, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1222

Introduced by Assembly Member Gatto
(Principal coauthor: Assembly Member Torres)

February 18, 2011

An act to amend ~~Section~~ *Sections 50904, 50905, and 50909* of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1222, as amended, Gatto. California Housing Finance ~~Agency:~~
~~executive compensation.~~ *Agency.*

Existing law establishes the California Housing Finance Authority, administered by a board of directors, whose primary purpose is to meet the housing needs of persons and families of low- or moderate-income. Existing law requires that the board establish the compensation of the executive director of the agency and other key exempt management, not to exceed a specified amount, and that the agency conduct salary surveys to determine the compensation.

This bill would instead require the board to conduct the surveys.

Existing law imposes various conflict-of-interest requirements, including that a board member with a financial interest in any matter before the board for a decision must disclose the interest as a matter of official public record and the board member is prohibited from attempting to influence, participate in deliberations concerning, or vote as to the interested matter. Existing law also prohibits an employee of the agency from being employed by, holding any paid official relation to, or having any financial interest in, any housing sponsor or any housing development financed or assisted by the agency.

This bill would specify that the conflict-of-interest provision is effective notwithstanding a provision of law that prohibits certain officials from having a financial interest in a contract entered into by the official in his or her official capacity or by the body or board of which they are members.

This bill would extend the prohibition against being employed by, having a paid relation to, or having a financial interest in a housing sponsor or affordable housing to an officer of the agency, except for a member of the board of directors who is not an employee of the agency.

This bill would change the term “housing development” to “affordable housing” in these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 50904 of the Health and Safety Code is*
2 *amended to read:*

3 50904. The representation of varied interest groups on the
4 board shall be deemed essential to obtain information for the
5 development of policy and decisions of the board.—~~It~~
6 *Notwithstanding Section 1090 of the Government Code, it shall*
7 not be a conflict of interest for an official of any local public entity
8 or a resident of any *affordable housing development*, or a director,
9 officer, stockholder, or employee of any savings and loan
10 institution, investment banking firm, brokerage firm, commercial
11 bank or trust company, architectural firm, insurance company,
12 labor union, or any other person, association, or corporation to
13 serve as a member of the board. If any board member has a
14 financial interest in any matter before the board for a decision, that
15 interest shall be disclosed as a matter of official public record. The
16 board member shall not attempt to influence, participate in
17 deliberations concerning, or vote as to that matter.

18 Violation of this section constitutes grounds for disqualification
19 from office as a board member. Violation of the disclosure
20 requirements of this section constitutes a misdemeanor under
21 Section 91000 of the Government Code.

22 *SEC. 2. Section 50905 of the Health and Safety Code is*
23 *amended to read:*

50905. (a) ~~No~~*An officer or employee of the agency shall not* be employed by, hold any paid official relation to, or have any financial interest in, any housing sponsor or any *affordable* housing development financed or assisted under this part, *provided that this prohibition shall not apply to a member of the board of directors who is not an employee of the agency.* ~~No real~~ Real property to which a member of the board or employee of the agency holds legal title or in which the person has any financial interest shall *not* be purchased by the agency or sold by the member of the board or employee of the agency to a housing sponsor for a *affordable* housing development to be financed under this part.

Any violation of this section shall be a conflict of interest that shall be grounds for disqualification of the member from the board or employee of the agency from his or her employment with the board or agency.

(b) Except as provided by subdivision (c), the following actions shall be voidable in the discretion of the agency:

(1) Any purchase by the agency of real property in which a member of the board or employee of the agency has legal title or a financial interest.

(2) Any commitment by the agency to provide financial assistance to a housing sponsor in which a member of the board or employee of the agency is employed, holds any official relation, or has any financial interest.

(3) Any commitment by the agency to provide financial assistance to a housing sponsor to which real property has been or is transferred for a *affordable* housing development to be financed under this part, if a member of the board or employee of the agency has or has had legal title or any financial interest in the real property.

(c) Any commitment by the agency to provide financial assistance under the circumstances specified in paragraph (2) or (3) of subdivision (b) shall not be voidable following release of the funds.

(d) ~~Notwithstanding the provisions~~ *any other provision* of this section and Section 50904, any conflict of interest by a member of the board or employee of the agency shall not affect the validity of any bonds or insurance issued pursuant to this division.

(e) ~~Notwithstanding the provisions~~ *any other provision* of this section, an agency employee or board member may, if not acting

1 as an investor and if otherwise eligible, participate in
2 owner-occupied single-family financing and insurance programs
3 operated by the agency.

4 ~~SECTION 4.~~

5 *SEC. 3.* Section 50909 of the Health and Safety Code is
6 amended to read:

7 50909. (a) Notwithstanding Sections 19816 and 19825 of the
8 Government Code, the compensation of key exempt management,
9 including the executive director, the chief deputy director, the
10 general counsel, the director of financing, the director of
11 homeownership programs, the director of multifamily programs,
12 the director of insurance and the financial risk management director
13 shall be established by the board in the agency's annual budget,
14 in amounts which are reasonably necessary, in the discretion of
15 the board, to attract and hold a person of superior qualifications.

16 (b) (1) To determine the compensation for the positions
17 described in this section, the board shall cause to be conducted,
18 through the use of independent outside advisors, salary surveys of
19 both of the following:

20 (A) Other state and local housing finance agencies that are most
21 comparable to CalHFA.

22 (B) Other relevant labor pools.

23 (2) The salaries so set by the board shall not exceed the highest
24 comparable salary for a position of that type, as determined by the
25 survey.

26 (c) The Department of Personnel Administration shall review
27 the methodology used in these salary surveys.

28 (d) Members of the board shall not receive a salary but shall be
29 entitled to a per diem allowance of one hundred dollars (\$100) for
30 each day's attendance at a meeting of the board or a meeting of a
31 committee of the board, not to exceed three hundred dollars (\$300)
32 in any month, and reimbursement for expenses incurred in the
33 performance of their duties under this part, including travel and
34 other necessary expenses.